

HMDA Year 2004 Revisions and Transition Rules

REGULATION C/HOME MORTGAGE DISCLOSURE ACT REVISIONS AND TRANSITION RULES		
REGULATION C/HMDA CHANGES	TRANSITION RULE	COMMENTS
<ul style="list-style-type: none"> Must ask the applicant's race or national origin and sex on telephone applications. 	N/A	Required for all telephone applications taken in 2003.
<ul style="list-style-type: none"> Must use year 2000 census data. 	N/A	Required for all applications taken in 2003.
APPLICATION OR LOAN INFORMATION		
<ul style="list-style-type: none"> Property Type <ul style="list-style-type: none"> 1 – 1-4 Family 2 – Manufactured Housing 3 – Multi-family 	<p>Property Type is optional for reporting on applications received in 2003, with final action taken in 2004.</p> <ul style="list-style-type: none"> If reporting use Code 1 for Manufactured Housing property types. 	
<ul style="list-style-type: none"> Purpose of Loan <ul style="list-style-type: none"> 1 – Home purchase 2 – Home Improvement 3 - Refinance <p>The definitions for home improvement and refinance loans were revised as follows:</p> <p>Home Improvement Loans - must be reported if the loan is for home improvement and secured by a dwelling. Continued to be reported if unsecured and classified as home improvement.</p> <p>Refinance Loans – must be reported if both the existing and new loans are secured by a lien on a dwelling.</p>	<p>For applications received in 2003, but have final action taken in 2004, lenders may apply the current definitions for home improvement and refinance loans to determine which loans to report.</p> <p>Optional to apply revised definitions for home improvement and refinance loans on applications received in 2003. If the revised definitions are used to determine which loans to report, they must be applied to <u>all</u> applications.</p>	<p>The current definitions are as follows:</p> <p>Home Improvement – A loan intended in whole or in part for home improvement <u>and</u> the lender classifies it as a home improvement loan.</p> <p>Refinance – A transaction in which a new obligation satisfies and replaces an existing obligation by the same borrower, with the following scenarios when deciding which to report:</p> <ol style="list-style-type: none"> 1) The existing obligation was a home purchase or home improvement loan as determined by the lender; 2) The applicant states that the existing obligation was a home purchase or home improvement loan; 3) The existing obligation was secured by a lien on a dwelling; or 4) The new obligation was secured by lien on a dwelling.
<ul style="list-style-type: none"> Preapproval (home purchase loans only) <ul style="list-style-type: none"> 1 – Preapproval was requested 2 - Preapproval was not requested 3 – Not applicable <p>Note: Must report preapprovals that result in originated and denied loans. Loans approved, but not accepted are optional for reporting.</p>	<p>Preapproval requests received in 2003, that did not result in a home purchase loan application, are not required to be reported in 2004. Those that are Denied or Approved, but not Accepted are optional to report.</p> <p>Use Code 3 – Not applicable for home purchase loan applications received in 2003 that had final action taken in 2004.</p>	<p>Preapproval – defined as a written commitment to extend credit that specifies the maximum amount of credit that it commits to extend and the period of time during which the commitment remains valid (expiration date). The commitment may be subject to:</p> <ol style="list-style-type: none"> 1) identification of a property; 2) verification that no material change has occurred; 3) other limited conditions.

APPLICANT INFORMATION	TRANSITION RULE	COMMENTS
<ul style="list-style-type: none"> Ethnicity <ul style="list-style-type: none"> 1 – Hispanic or Latino 2 – Not Hispanic or Latino 3 – Information not provided by applicant in mail, internet, or telephone application 4 – Not applicable 5 – No co-applicant 	<p>Lenders are required to convert Race and National Origin data collected for all applications received in 2003, with a final action date in 2004 to the new Race and Ethnicity categories.</p> <p>See the Conversion Rules Table for converting Race and National Origin data collected to the new Race and Ethnicity categories.</p>	
<ul style="list-style-type: none"> Race <ul style="list-style-type: none"> 1 – American Indian or Alaskan Native 2 – Asian 3 – Black or African American 4 – Native Hawaiian or Other Pacific Islander 5 – White 6 – Information not provided by applicant in mail, internet, or telephone application 	<p>Lenders are required to convert Race and National Origin data collected for all applications received in 2003 to the new Race and Ethnicity categories.</p> <p>See the Conversion Rules Table for converting Race and National Origin data collected to the new Race and Ethnicity categories.</p>	
<ul style="list-style-type: none"> Sex <ul style="list-style-type: none"> 1 – Male 2 – Female 3 – Information not provided by applicant in mail, internet or telephone application 4 – Not applicable 5 – No co-applicant 	<p>Use Code 4 – Not Applicable – in the co-applicant field for applications received in 2003, with final action taken in 2004, when there is no co-applicant.</p>	
OTHER DATA	TRANSITION RULE	COMMENTS
<ul style="list-style-type: none"> Rate Spread To calculate: APR on the loan minus the Treasury Yield with a comparable maturity date of the loan, as of the 15-day of the preceding month of the Rate Lock Date. Use the lower yield on loans when the maturity date is in the middle of two Treasury Security maturities. 	<p>Report NA in the rate spread field for applications that have a Rate Lock date in 2003, with final action taken in 2004.</p> <p>For applications received in 2003, with a Rate Lock Date in 2004, you must calculate and report the spread in accordance with the new rules.</p>	<p>Only report loans with a difference greater than or equal to:</p> <ul style="list-style-type: none"> • 3% for 1st Lien Loans • 5% for Subordinate Loans <p>The FFIEC's spread calculator with information from 12/1997 to present. Base yields in 1-year increments for loan terms of 1 year up to 40 years. Tables are available for downloading in ASCII comma delimited or Microsoft Excel formats.</p> <p>http://www.ffiec.gov/ratespread/default.aspx http://www.ffiec.gov/ratespread/YieldTable.CSV</p>
<ul style="list-style-type: none"> HOEPA Status <ul style="list-style-type: none"> 1- HOEPA loan 2 – Not a HOEPA loan <p>Only closed-end (non-revolving) Home Equity loans are covered.</p>	<p>Lenders are required to report all loans that have an application date in 2003 and final action taken in 2004.</p>	<p>Only report loans with a difference in the APR and Treasury Yield with a comparable maturity date of the loan that's greater than:</p> <ul style="list-style-type: none"> • 8% for First Lien loans • 10% for Subordinate Lien loans OR • Points and Fees exceed 8% of the loan amount or \$488* <p>*This amount is adjusted annually based on the Consumer Price Index.</p>

CONVERSION RULES TABLE	Converts to - New Ethnicity	Converts to - New Race
Current Race or National Origin		
1 – American Indian or Alaskan Native	4 – Not Applicable	1 – American Indian or Alaska Native
2 – Asian or Pacific Islander	4 – Not Applicable	2 – Asian
3 – Black	4 – Not Applicable	3 – Black or African American
4 – Hispanic	1 – Hispanic or Latino	7 – Not Applicable
5 – White	4 – Not Applicable	5 – White
6 – Other	4 – Not Applicable	7 – Not Applicable
7 – Mail or Telephone	3 – Mail, Internet, or Telephone	6 – Mail, Internet, or Telephone
8 – Not Applicable	4 – Not Applicable	7 – Not Applicable